

Study of Employers in Rate Class 40

**Study
involved
2005 data**

**Most fishing
companies
are in rate
class 40**

**78% of
rate-class-
40 firms had
fewer than
5 employees**

ESSB 6885 required the Employment Security Department to study and report on Washington “employers in rate-class 40, including types of industries, sizes of employers, contributions paid and benefit charges attributable to such employers.”

Parameters of the study

- Looked at Washington employers who were in rate-class 40 in 2005.
- Included 13,410 employers, which is equal to 9 percent of all employers.

Key findings

Three industries accounted for 42 percent of all employers in rate class 40:

- Private households, including COPEs (Community Options Program Entry System) accounts – 19 percent of all employers in rate class 40.
- Specialty-trade construction contractors – 17 percent of all employers in rate class 40.
- Fruit and vegetable farming – 6 percent of all employers in rate class 40.

Within some industries, a high percentage of employers were in rate class 40:

- Fishing – 71 percent of employers in this industry were in rate class 40.
- Heavy and civil-engineering construction – 40 percent of employers were in rate class 40.
- Non-residential building construction – 38 percent of employers were in rate class 40.

Size of firms in rate-class 40

<i># of employees</i>	<i>RC-40 employers</i>	<i>All employers</i>
0-1	53.2%	42.1%
2-4	25.2%	25%
5-10	11.3%	16%
11-50	8.1%	13.3%
>50	2.2%	3.6%

Movement into rate-class 40

<i>Rate class in 2004</i>	<i>% of 5,338 employers that moved into RC-40 in 2005</i>
Non-qualified	28.1%
1	14.1%
2-10	4.4%
11-20	6%
21-30	9.3%
31-35	15.8%
36-39	22.3%

“Non-qualified” includes firms that do not have enough claims history to have their own experience rating or are paying a “penalty rate.”

Employers in rate-class 40 every year, from 2000 through 2005

- 1,774 employers were in rate-class 40 for the entire six-year period.
 - Construction – 38 percent
 - Agriculture, forestry and hunting – 33 percent
 - Fishing – 6 percent
- 59 percent were located in a rural area.
- 60 percent were in Eastern Washington.
- 60 percent had fewer than five employees

Taxes vs. benefits for rate-class 40

- \$172 million paid in taxes in calendar-year 2005.
- \$286 million paid in benefits in fiscal year 2004 charged against these employers' accounts.
- \$114 million more was paid out in benefits than was collected in taxes for workers laid off by rate-class-40 employers.

Contacts

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